

Message Text

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ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 AGRE-00 CIAE-00 EB-08 INR-07
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E.O. 11652: N/A
TAGS: ETRD, IS
SUBJECT: JOINT TRADE REVIEW OF FIRST YEAR OF GSP

REFS: (A) STATE 147947, (B) TEL AVIV 3982, (C) TEL AVIV
4877

1. ON JULY 25, COMMERCIAL ATTACHE MET WITH DR. Y. COHEN,
DEPUTY DIRECTOR GENERAL OF MINISTRY OF COMMERCE, INDUSTRY
AND TOURISM, WHOS IS ALSO DIRECTOR FOR FOREIGN TRADE.
DURING COURSE OF CONVERSATION COHEN MADE FOLLOWING POINTS
WITH REGARD TO GOI PREPARATIONS FOR FORTHCOMING JOINT
TRADE COMMITTEE MEETING, WHICH HE ESTIMATED WILL TAKE
PLACE IN SEPTEMBER:

A) GOI WILL HAVE LIST OF 25 PRODUCTS ON WHICH IT WILL
REQUEST REMOVAL OF NON-TARIFF BARRIERS BY USG. COMMER-
CIAL ATTACHE SUGGESTED THAT IT WOULD ASSIST U.S. PREPARA-
TIONS FOR THE MEETING IF SOME INDICATION OF WHAT NON-
TARIFF BARRIERS AND PRODUCTS WERE OF CONCERN COULD BE
PROVIDED BEFORE MEETING;

B) ON JULY 1, 1977, GOI INSTITUTED CERTUAIN DUTY REDUC-
TIONS (SEE REFTEL C) WHICH, INTER ALIA INCLUDED REDUCTION
ON SOME OF THE 133 ITEMS ON WHICH DUTY REDUCTIONS TO
THE U.S. HAD BEEN GRANTED IN 1975. COMMERCIAL ATTACHE
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ASKED FOR LIST OF THOSE ITEMS ON WHICH DUTY HAD BEEN
REDUCED AND WAS INFORMED THAT LIST WOULD BE FORTHCOMING
SOON;

C) GOI WOULD LIKE TO RESCIND REDUCTION ON DUTIES ON
COTTON TEXTILES NEGOTIATED WITH U.S. SINCE IT FEARED A FLOOD OF
IMPORTS FROM SOUTHEAST ASIA EXPORTERS BENEFITTING FROM MFN PROVI-
SIONS;

D) GOI DELEGATION WILL EMPHASIZE FOUR TOPICS DURING THE TRADE DISCUSSIONS AS FOLLOWS: 1) TRADE COOPERATION, 2) PROMOTION OF TRADE IN BOTH DIRECTIONS, 3) REMOVAL OF TRADE BARIERS AND 4) INDUSTRIAL COOPERATION (TRANSFER OF TECHNOLOGY). REGARDING LATTER POINT, COHEN INDICATED ISRAEL WOULD LIKE JOINT STATEMENT SIMILAR TO THE ONE RECENTLY SIGNED WITH CANADA (COPY BEING POUCHED TO NEA/IAI).

2. EMBASSY RECOMMENDS THAT U.S. DELEGATION ALSO DISCUSS IMPOSITION OF COMPULSORY PAYMENTS BY GOI. AS EXPLAINED REFTEL B, THESE ARE SPECIAL CHARGES ON IMPORTS WHICH CAN BE IMPOSED FOR A WIDE VARIETY OF REASONS AND WHICH WILL CAUSE PROBLEMS IF IMPOSED ON OUR PRODUCTS. THERE HAS BEEN ONE RECENT CASE WHERE A CHARGE OF \$80 PER TON WAS LEVIED ON KRAFT PAPER IMPORTS FROM THE U.S. IN ORDER TO AVOID "EXCESSIVE PROFITS" BY THE IMPORTER. SINCE MANY ITEMS IN ISRAEL ARE SUBJECT TO SOME TYPE OF PRICE CONTROL AND/OR DIRECT SUBSIDY, GOI TRIES TO PREVENT IMPORTERS FROM OBTAINING PROFITS WHICH IT CONSIDERS EXCESSIVE ON IMPORTS OF THESE ITEMS. THERE IS, HOWEVER, NO DEFINITION OF WHAT IS "EXCESSIVE" IN ANY SPECIFIC SITUATION. EMBASSY HAS ALSO BEEN INFORMED BY IMPORTER THAT GOI HAS UNDER CONSIDERATION A SURCHARGE ON MEDICAL DIAGNOSTIC KITS FROM U.S. IN ORDER TO PROTECT A LOCAL FIRM. IN VIEW OF POSSIBILITIES OF LIMITED OFFICIAL USE

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FUTURE IMPOSITION OF SUCH SURCHARGES ON A WIDE VARIETY OF GROUNDS, IT WOULD BE USEFUL TO DISCUSS THIS TOPIC DURING FORTHCOMING MEETING. REFTEL B ALSO LISTS OTHER ITEMS WHICH U.S. MIGHT WISH TO DISCUSS AT TRADE COMMITTEE MEETING.

3. REGARDING RECENTLY ENACTED ANTI-DUMPING LAW, COHEN STATED THAT HE WAS TRYING TO ESTABLISH PRINCIPLE THAT CONCERNED COUNTRIES WOULD BE INFORMED IN ADVANCE OF PENDING ANTI-DUMPING MEASURES WHICH EFFECTED THEIR PRODUCTS. HE STATED THAT FIRST ANTI-DUMPING ACTION WOULD BE TAKEN AGAINST IMPORTED BEER, WHICH COMES MOSTLY FROM EUROPE.

4. COHEN SAID THAT ISRAELI IMPORT STATISTICS FOR COMMODITIES BY COUNTRY ARE NOT READY YET BUT WOULD BE MADE AVAILABLE AS SOON AS POSSIBLE. EMBASSY SUBSEQUENTLY CONTACTED CENTRAL BUREAU OF STATISTICS AND WAS INFORMED STATISTICS WOULD BE READY BY AUGUST 5.
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